

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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R 151459Z JAN 76 CORRECTED COPY FOR MCN

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 9760

INFO AMCONSUL JERUSALEM

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E.O. 11652: NA

TAGS: EFIN IS

SUBJ: GOI ATTEMPTS TO PREVENT FOREIGN EXCHANGE LOSSES

1. FINANCZ MINISTRY OFFICIAL CONFIRMED TO EMBOFF JAN 14 RECENT PRESS REPORTS THAT GOI WAS SEEKING WAYS TO REDUCE FOREIGN EXCHANGE LOSSES, AS MARGIN BETWEEN OFFICIAL AND BLACK MARKET RATES FOR POUND WIDENS (CURRENTLY ALMOST 50 PERCENT). TWO NEW REGULATIONS HAD BEEN APPROVED: ONE WHICH REQUIRED TRAVEL AGENCIES TO REMIT THEIR FOREIGN CURRENCY EARNINGS, AND ANOTHER WHICH REQUIRED HOTELS TO CHARGE TOURISTS 25 PERCENT MORE IF THEY PAID IN ISRAELI POUNDS RATHER THAN HARD CURRENCY. THE REGULATIONS WILL GO INTO EFFECT MARCH 1 ALTHOUGH ALL THE DETAILS HAVE NOT YET BEEN WORKED OUT. ALSO UNDER CONSIDERATION IS POSSIBILITY OF INCREASING TO 25 PERCENT PRESENT 15 PERCENT DISCOUNT THAT TOURISTS RECEIVE IN CERTAIN SHOPS. FIFTEEN PERCENT DISCOUNT INCLUDES REDUCTIONS OF FIVE PERCENT EACH IN PURCHASE TAX, RETAIL PRICE AND MANUFACTURER'S PRICE. ONE ALTERNATIVE IDDOO MAKE THESE HARD CURRENCY TRANSACTIONS ELIGIBLE FOR EXPORT REBATES.

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2. EMBOFF ASKED WHY GOI DID NOT CRACK DOWN ON BLACK MARKET. REPLY

WAS THAT USG WOULD BE FIRST TO OBJECT TO IMPOSITION OF ISRAEL'S LAWS ON WEST BANKERS. ANY ATTEMPT TO IMPOSING ISRAELI LAW IN WEST BANK IN THIS CASE FOREIGN EXCHANGE REGULATIONS, WOULD ALSO BE COUNTER TO MILITARY GOVERNMENT'S ATTEMPTS TO PROMOTE HARMONY IN WEST BANK. AND IN FACT WEST BANKERS WERE ACCUSTOMED TO A MORE FREE-WHEZLING ECONOMIC SYSTEM THAN ISRAEL'S. IF THE GOI WERE TO CLOSE DOWN LILLIENBLUM STREET (TEL AVIV'S RENOWNED CURRENCY BLACK MARKET), BUSINESS WOULD MERELY SHIFT TO EAST JERUSALEM, NABLUS, HEBRON,ETC.

3. EMBOFF ASKED ABOUT RECENT PRESS REPORTS OF WEST BANKERS ABUSING TRAVELER'S AUTHORIZATION TO PURCHASE FOREIGN CURRENCY AT OFFICIAL RATE FOR TRAVEL. OFFICIAL CONFIRMED THAT THIS WAS A PROBLEM BUT GOI HAD ANNOUNCED A REGULATION WHICH WOULD PROHIBIT THESE PURCHASES UNLESS THE TRAVELER HAD ALREADY PAID ISRAELI TRAVEL TAX (PRESENTLY IL 750 PLUS 15 PERCENT OF VALUE ROUND TRIP TICKET).
TOON

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Message Attributes

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